

AMENDED IN SENATE AUGUST 24, 2012

AMENDED IN SENATE AUGUST 20, 2012

AMENDED IN ASSEMBLY MAY 8, 2012

AMENDED IN ASSEMBLY MARCH 22, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

## ASSEMBLY BILL

**No. 2502**

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### Introduced by Assembly Member Blumenfield

February 24, 2012

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An act to amend, repeal, and add Section 2982 of, and to add Section 2982.11 to, the Civil Code, relating to vehicles, *and declaring the urgency thereof, to take effect immediately.*

#### LEGISLATIVE COUNSEL'S DIGEST

AB 2502, as amended, Blumenfield. Vehicles: conditional sale contracts.

(1) Existing law imposes various licensing and regulatory requirements on dealers of motor vehicles and requires that certain fees and charges be disclosed in a conditional sale contract for the purchase of a motor vehicle. A violation of the disclosure requirements for conditional sales contracts is a misdemeanor.

This bill would additionally require, as of July 1, 2013, the disclosure and labeling, as specified, of the total amount charged by the seller for an electric vehicle charging station, which may include only the charges for the station device, any materials and wiring, and any installation services.

The bill would also require a seller, as of July 1, 2013, before executing a conditional sale contract that includes a charge for an electric

vehicle charging station, to provide the buyer with, and obtain the buyer's signature on, a written disclosure, in a specified manner, that includes a description and price of the electric vehicle charging station, any materials and wiring, and equipment installation services included in the total charge.

Because the bill would create a new crime, the bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) *This bill would declare that it is to take effect immediately as an urgency statute.*

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 2982 of the Civil Code is amended to  
2 read:

3 2982. A conditional sale contract subject to this chapter shall  
4 contain the disclosures required by Regulation Z, whether or not  
5 Regulation Z applies to the transaction. In addition, to the extent  
6 applicable, the contract shall contain the other disclosures and  
7 notices required by, and shall satisfy the requirements and  
8 limitations of, this section. The disclosures required by subdivision  
9 (a) may be itemized or subtotaled to a greater extent than as  
10 required by that subdivision and shall be made together and in the  
11 sequence set forth in that subdivision. All other disclosures and  
12 notices may appear in the contract in any location or sequence and  
13 may be combined or interspersed with other provisions of the  
14 contract.

15 (a) The contract shall contain the following disclosures, as  
16 applicable, which shall be labeled "itemization of the amount  
17 financed":

18 (1) (A) The cash price, exclusive of document processing  
19 charges, charges to electronically register or transfer the vehicle,  
20 taxes imposed on the sale, pollution control certification fees, prior  
21 credit or lease balance on property being traded in, the amount

1 charged for a service contract, the amount charged for a theft  
2 deterrent system, the amount charged for a surface protection  
3 product, the amount charged for an optional debt cancellation  
4 agreement, and the amount charged for a contract cancellation  
5 option agreement.

6 (B) The charge to be retained by the seller for document  
7 processing authorized pursuant to Section 4456.5 of the Vehicle  
8 Code.

9 (C) The fee charged by the seller for certifying that the motor  
10 vehicle complies with applicable pollution control requirements.

11 (D) A charge for a theft deterrent device.

12 (E) A charge for a surface protection product.

13 (F) Taxes imposed on the sale.

14 (G) The charge to electronically register or transfer the vehicle  
15 authorized pursuant to Section 4456.5 of the Vehicle Code.

16 (H) The amount charged for a service contract.

17 (I) The prior credit or lease balance remaining on property being  
18 traded in, as required by paragraph (6). The disclosure required  
19 by this subparagraph shall be labeled "prior credit or lease balance  
20 (see downpayment and trade-in calculation)."

21 (J) Any charge for an optional debt cancellation agreement.

22 (K) Any charge for a used vehicle contract cancellation option  
23 agreement.

24 (L) The total cash price, which is the sum of subparagraphs (A)  
25 to (K), inclusive.

26 (M) The disclosures described in subparagraphs (D), (E), and  
27 (K) are not required on contracts involving the sale of a motorcycle,  
28 as defined in Section 400 of the Vehicle Code, or on contracts  
29 involving the sale of an off-highway motor vehicle that is subject  
30 to identification under Section 38010 of the Vehicle Code, and the  
31 amounts of those charges, if any, are not required to be reflected  
32 in the total price under subparagraph (L).

33 (2) Amounts paid to public officials for the following:

34 (A) Vehicle license fees.

35 (B) Registration, transfer, and titling fees.

36 (C) California tire fees imposed pursuant to Section 42885 of  
37 the Public Resources Code.

38 (3) The aggregate amount of premiums agreed, upon execution  
39 of the contract, to be paid for policies of insurance included in the

1 contract, excluding the amount of any insurance premium included  
2 in the finance charge.

3 (4) The amount of the state fee for issuance of a certificate of  
4 compliance, noncompliance, exemption, or waiver pursuant to any  
5 applicable pollution control statute.

6 (5) A subtotal representing the sum of the amounts described  
7 in paragraphs (1) to (4), inclusive.

8 (6) The amount of the buyer's downpayment itemized to show  
9 the following:

10 (A) The agreed value of the property being traded in.

11 (B) The prior credit or lease balance, if any, owing on the  
12 property being traded in.

13 (C) The net agreed value of the property being traded in, which  
14 is the difference between the amounts disclosed in subparagraphs  
15 (A) and (B). If the prior credit or lease balance of the property  
16 being traded in exceeds the agreed value of the property, a negative  
17 number shall be stated.

18 (D) The amount of any portion of the downpayment to be  
19 deferred until not later than the due date of the second regularly  
20 scheduled installment under the contract and that is not subject to  
21 a finance charge.

22 (E) The amount of any manufacturer's rebate applied or to be  
23 applied to the downpayment.

24 (F) The remaining amount paid or to be paid by the buyer as a  
25 downpayment.

26 (G) The total downpayment. If the sum of subparagraphs (C)  
27 to (F), inclusive, is zero or more, that sum shall be stated as the  
28 total downpayment, and no amount shall be stated as the prior  
29 credit or lease balance under subparagraph (I) of paragraph (1). If  
30 the sum of subparagraphs (C) to (F), inclusive, is less than zero,  
31 then that sum, expressed as a positive number, shall be stated as  
32 the prior credit or lease balance under subparagraph (I) of  
33 paragraph (1), and zero shall be stated as the total downpayment.  
34 The disclosure required by this subparagraph shall be labeled "total  
35 downpayment" and shall contain a descriptor indicating that if the  
36 total downpayment is a negative number, a zero shall be disclosed  
37 as the total downpayment and a reference made that the remainder  
38 shall be included in the disclosure required pursuant to  
39 subparagraph (I) of paragraph (1).

1 (7) The amount of any administrative finance charge, labeled  
2 “prepaid finance charge.”

3 (8) The difference between the amount described in paragraph  
4 (5) and the sum of the amounts described in paragraphs (6) and  
5 (7), labeled “amount financed.”

6 (b) No particular terminology is required to disclose the items  
7 set forth in subdivision (a) except as expressly provided in that  
8 subdivision.

9 (c) If payment of all or a portion of the downpayment is to be  
10 deferred, the deferred payment shall be reflected in the payment  
11 schedule disclosed pursuant to Regulation Z.

12 (d) If the downpayment includes property being traded in, the  
13 contract shall contain a brief description of that property.

14 (e) The contract shall contain the names and addresses of all  
15 persons to whom the notice required pursuant to Section 2983.2  
16 and permitted pursuant to Sections 2983.5 and 2984 is to be sent.

17 (f) (1) If the contract includes a finance charge determined on  
18 the precomputed basis, the contract shall identify the method of  
19 computing the unearned portion of the finance charge in the event  
20 of prepayment in full of the buyer’s obligation and contain a  
21 statement of the amount or method of computation of any charge  
22 that may be deducted from the amount of any unearned finance  
23 charge in computing the amount that will be credited to the  
24 obligation or refunded to the buyer. The method of computing the  
25 unearned portion of the finance charge shall be sufficiently  
26 identified with a reference to the actuarial method if the  
27 computation will be under that method. The method of computing  
28 the unearned portion of the finance charge shall be sufficiently  
29 identified with a reference to the Rule of 78’s, the sum of the digits,  
30 or the sum of the periodic time balances method in all other cases,  
31 and those references shall be deemed to be equivalent for disclosure  
32 purposes.

33 (2) If the contract includes a finance charge that is determined  
34 on the simple-interest basis but provides for a minimum finance  
35 charge in the event of prepayment in full, the contract shall contain  
36 a statement of that fact and the amount of the minimum finance  
37 charge or its method of calculation.

38 (g) (1) If the contract includes a finance charge that is  
39 determined on the precomputed basis and provides that the  
40 unearned portion of the finance charge to be refunded upon full

1 prepayment of the contract is to be determined by a method other  
2 than actuarial, the contract shall contain a notice, in at least  
3 10-point boldface type if the contract is printed, reading as  
4 follows: “Notice to buyer: (1) Do not sign this agreement before  
5 you read it or if it contains any blank spaces to be filled in. (2)  
6 You are entitled to a completely filled-in copy of this agreement.  
7 (3) You can prepay the full amount due under this agreement at  
8 any time and obtain a partial refund of the finance charge if it is  
9 \$1 or more. Because of the way the amount of this refund will be  
10 figured, the time when you prepay could increase the ultimate cost  
11 of credit under this agreement. (4) If you default in the performance  
12 of your obligations under this agreement, the vehicle may be  
13 repossessed and you may be subject to suit and liability for the  
14 unpaid indebtedness evidenced by this agreement.”

15 (2) If the contract includes a finance charge that is determined  
16 on the precomputed basis and provides for the actuarial method  
17 for computing the unearned portion of the finance charge upon  
18 prepayment in full, the contract shall contain a notice, in at least  
19 10-point boldface type if the contract is printed, reading as  
20 follows: “Notice to buyer: (1) Do not sign this agreement before  
21 you read it or if it contains any blank spaces to be filled in. (2)  
22 You are entitled to a completely filled-in copy of this agreement.  
23 (3) You can prepay the full amount due under this agreement at  
24 any time and obtain a partial refund of the finance charge if it is  
25 \$1 or more. (4) If you default in the performance of your  
26 obligations under this agreement, the vehicle may be repossessed  
27 and you may be subject to suit and liability for the unpaid  
28 indebtedness evidenced by this agreement.”

29 (3) If the contract includes a finance charge that is determined  
30 on the simple-interest basis, the contract shall contain a notice, in  
31 at least 10-point boldface type if the contract is printed, reading  
32 as follows: “Notice to buyer: (1) Do not sign this agreement  
33 before you read it or if it contains any blank spaces to be filled in.  
34 (2) You are entitled to a completely filled-in copy of this  
35 agreement. (3) You can prepay the full amount due under this  
36 agreement at any time. (4) If you default in the performance of  
37 your obligations under this agreement, the vehicle may be  
38 repossessed and you may be subject to suit and liability for the  
39 unpaid indebtedness evidenced by this agreement.”

1 (h) The contract shall contain a notice in at least 8-point boldface  
2 type, acknowledged by the buyer, that reads as follows:

3 “If you have a complaint concerning this sale, you should try to  
4 resolve it with the seller.

5 Complaints concerning unfair or deceptive practices or methods  
6 by the seller may be referred to the city attorney, the district  
7 attorney, or an investigator for the Department of Motor Vehicles,  
8 or any combination thereof.

9 After this contract is signed, the seller may not change the  
10 financing or payment terms unless you agree in writing to the  
11 change. You do not have to agree to any change, and it is an unfair  
12 or deceptive practice for the seller to make a unilateral change.

13  
14 \_\_\_\_\_  
15  
16 Buyer’s Signature”  
17

18 (i) (1) The contract shall contain an itemization of any insurance  
19 included as part of the amount financed disclosed pursuant to  
20 paragraph (3) of subdivision (a) and of any insurance included as  
21 part of the finance charge. The itemization shall identify the type  
22 of insurance coverage and the premium charged therefor, and, if  
23 the insurance expires before the date of the last scheduled  
24 installment included in the repayment schedule, the term of the  
25 insurance shall be stated.

26 (2) If any charge for insurance, other than for credit life or  
27 disability, is included in the contract balance and disbursement of  
28 any part thereof is to be made more than one year after the date of  
29 the conditional sale contract, any finance charge on the amount to  
30 be disbursed after one year shall be computed from the month the  
31 disbursement is to be made to the due date of the last installment  
32 under the conditional sale contract.

33 (j) (1) Except for contracts in which the finance charge or a  
34 portion of the finance charge is determined by the simple-interest  
35 basis and the amount financed disclosed pursuant to paragraph (8)  
36 of subdivision (a) is more than two thousand five hundred dollars  
37 (\$2,500), the dollar amount of the disclosed finance charge may  
38 not exceed the greater of:

39 (A) (i) One and one-half percent on so much of the unpaid  
40 balance as does not exceed two hundred twenty-five dollars (\$225),

1 1 1/6 percent on so much of the unpaid balance in excess of two  
2 hundred twenty-five dollars (\$225) as does not exceed nine hundred  
3 dollars (\$900) and five-sixths of 1 percent on so much of the unpaid  
4 balance in excess of nine hundred dollars (\$900) as does not exceed  
5 two thousand five hundred dollars (\$2,500).

6 (ii) One percent of the entire unpaid balance; multiplied in either  
7 case by the number of months (computed on the basis of a full  
8 month for any fractional month period in excess of 15 days)  
9 elapsing between the date of the contract and the due date of the  
10 last installment.

11 (B) If the finance charge is determined by the precomputed  
12 basis, twenty-five dollars (\$25).

13 (C) If the finance charge or a portion thereof is determined by  
14 the simple-interest basis:

15 (i) Twenty-five dollars (\$25) if the unpaid balance does not  
16 exceed one thousand dollars (\$1,000).

17 (ii) Fifty dollars (\$50) if the unpaid balance exceeds one  
18 thousand dollars (\$1,000) but does not exceed two thousand dollars  
19 (\$2,000).

20 (iii) Seventy-five dollars (\$75) if the unpaid balance exceeds  
21 two thousand dollars (\$2,000).

22 (2) The holder of the contract shall not charge, collect, or receive  
23 a finance charge that exceeds the disclosed finance charge, except  
24 to the extent (A) caused by the holder's receipt of one or more  
25 payments under a contract that provides for determination of the  
26 finance charge or a portion thereof on the 365-day basis at a time  
27 or times other than as originally scheduled whether or not the  
28 parties enter into an agreement pursuant to Section 2982.3, (B)  
29 permitted by paragraph (2), (3), or (4) of subdivision (c) of Section  
30 226.17 of Regulation Z, or (C) permitted by subdivisions (a) and  
31 (c) of Section 2982.8.

32 (3) If the finance charge or a portion thereof is determined by  
33 the simple-interest basis and the amount of the unpaid balance  
34 exceeds five thousand dollars (\$5,000), the holder of the contract  
35 may, in lieu of its right to a minimum finance charge under  
36 subparagraph (C) of paragraph (1), charge, receive, or collect on  
37 the date of the contract an administrative finance charge not to  
38 exceed seventy-five dollars (\$75), provided that the sum of the  
39 administrative finance charge and the portion of the finance charge  
40 determined by the simple-interest basis shall not exceed the



1 maximum total finance charge permitted by subparagraph (A) of  
2 paragraph (1). Any administrative finance charge that is charged,  
3 received, or collected by a holder shall be deemed a finance charge  
4 earned on the date of the contract.

5 (4) If a contract provides for unequal or irregular payments, or  
6 payments on other than a monthly basis, the maximum finance  
7 charge shall be at the effective rate provided for in paragraph (1),  
8 having due regard for the schedule of installments.

9 (k) The contract may provide that for each installment in default  
10 for a period of not less than 10 days the buyer shall pay a  
11 delinquency charge in an amount not to exceed in the aggregate 5  
12 percent of the delinquent installment, which amount may be  
13 collected only once on any installment regardless of the period  
14 during which it remains in default. Payments timely received by  
15 the seller under an extension or deferral agreement may not be  
16 subject to a delinquency charge unless the charge is permitted by  
17 Section 2982.3. The contract may provide for reasonable collection  
18 costs and fees in the event of delinquency.

19 (l) Notwithstanding any provision of a contract to the contrary,  
20 the buyer may pay at any time before maturity the entire  
21 indebtedness evidenced by the contract without penalty. In the  
22 event of prepayment in full:

23 (1) If the finance charge was determined on the precomputed  
24 basis, the amount required to prepay the contract shall be the  
25 outstanding contract balance as of that date, provided, however,  
26 that the buyer shall be entitled to a refund credit in the amount of  
27 the unearned portion of the finance charge, except as provided in  
28 paragraphs (3) and (4). The amount of the unearned portion of the  
29 finance charge shall be at least as great a proportion of the finance  
30 charge, including any additional finance charge imposed pursuant  
31 to Section 2982.8 or other additional charge imposed because the  
32 contract has been extended, deferred, or refinanced, as the sum of  
33 the periodic monthly time balances payable more than 15 days  
34 after the date of prepayment bears to the sum of all the periodic  
35 monthly time balances under the schedule of installments in the  
36 contract or, if the contract has been extended, deferred, or  
37 refinanced, as so extended, deferred, or refinanced. If the amount  
38 of the refund credit is less than one dollar (\$1), no refund credit  
39 need be made by the holder. Any refund credit may be made in

1 cash or credited to the outstanding obligations of the buyer under  
2 the contract.

3 (2) If the finance charge or a portion of the finance charge was  
4 determined on the simple-interest basis, the amount required to  
5 prepay the contract shall be the outstanding contract balance as of  
6 that date, including any earned finance charges that are unpaid as  
7 of that date and, if applicable, the amount provided in paragraph  
8 (3), and provided further that in cases where a finance charge is  
9 determined on the 360-day basis, the payments received under the  
10 contract shall be assumed to have been received on their respective  
11 due dates regardless of the actual dates on which the payments  
12 were received.

13 (3) If the minimum finance charge provided by subparagraph  
14 (B) or subparagraph (C) of paragraph (1) of subdivision (j), if  
15 either is applicable, is greater than the earned finance charge as of  
16 the date of prepayment, the holder shall be additionally entitled to  
17 the difference.

18 (4) This subdivision shall not impair the right of the seller or  
19 the seller's assignee to receive delinquency charges on delinquent  
20 installments and reasonable costs and fees as provided in  
21 subdivision (k) or extension or deferral agreement charges as  
22 provided in Section 2982.3.

23 (5) Notwithstanding any provision of a contract to the contrary,  
24 if the indebtedness created by any contract is satisfied prior to its  
25 maturity through surrender of the motor vehicle, repossession of  
26 the motor vehicle, redemption of the motor vehicle after  
27 repossession, or any judgment, the outstanding obligation of the  
28 buyer shall be determined as provided in paragraph (1) or (2).  
29 ~~Notwithstanding, the~~ The buyer's outstanding obligation shall be  
30 computed by the holder as of the date the holder recovers the value  
31 of the motor vehicle through disposition thereof or judgment is  
32 entered or, if the holder elects to keep the motor vehicle in  
33 satisfaction of the buyer's indebtedness, as of the date the holder  
34 takes possession of the motor vehicle.

35 (m) Notwithstanding any other provision of this chapter to the  
36 contrary, any information required to be disclosed in a conditional  
37 sale contract under this chapter may be disclosed in any manner,  
38 method, or terminology required or permitted under Regulation  
39 Z, as in effect at the time that disclosure is made, except that  
40 permitted by paragraph (2) of subdivision (c) of Section 226.18

1 of Regulation Z, if all of the requirements and limitations set forth  
2 in subdivision (a) are satisfied. This chapter does not prohibit the  
3 disclosure in that contract of additional information required or  
4 permitted under Regulation Z, as in effect at the time that disclosure  
5 is made.

6 (n) If the seller imposes a charge for document processing or  
7 to electronically register or transfer the vehicle, the contract shall  
8 contain a disclosure that the charge is not a governmental fee.

9 (o) A seller shall not impose an application fee for a transaction  
10 governed by this chapter.

11 (p) The seller or holder may charge and collect a fee not to  
12 exceed fifteen dollars (\$15) for the return by a depository institution  
13 of a dishonored check, negotiated order of withdrawal, or share  
14 draft issued in connection with the contract if the contract so  
15 provides or if the contract contains a generalized statement that  
16 the buyer may be liable for collection costs incurred in connection  
17 with the contract.

18 (q) The contract shall disclose on its face, by printing the word  
19 “new” or “used” within a box outlined in red, that is not smaller  
20 than one-half inch high and one-half inch wide, whether the vehicle  
21 is sold as a new vehicle, as defined in Section 430 of the Vehicle  
22 Code, or as a used vehicle, as defined in Section 665 of the Vehicle  
23 Code.

24 (r) The contract shall contain a notice with a heading in at least  
25 12-point bold type and the text in at least 10-point bold type,  
26 circumscribed by a line, immediately above the contract signature  
27 line, that reads as follows:

28  
29 **THERE IS NO COOLING-OFF PERIOD UNLESS YOU**  
30 **OBTAIN A CONTRACT CANCELLATION OPTION.**  
31

32 California law does not provide for a “cooling-off” or other cancellation  
33 period for vehicle sales. Therefore, you cannot later cancel this contract  
34 simply because you change your mind, decide the vehicle costs too much,  
35 or wish you had acquired a different vehicle. After you sign below, you  
36 may only cancel this contract with the agreement of the seller or for legal  
37 cause, such as fraud.

38 However, California law does require a seller to offer a two-day contract  
39 cancellation option on used vehicles with a purchase price of less than  
40 forty thousand dollars (\$40,000), subject to certain statutory conditions.

1 This contract cancellation option requirement does not apply to the sale  
2 of a recreational vehicle, a motorcycle, or an off-highway motor vehicle  
3 subject to identification under California law. See the vehicle contract  
4 cancellation option agreement for details.  
5  
6

7 (s) This section shall become inoperative on July 1, 2013, and,  
8 as of January 1, 2014, is repealed, unless a later enacted statute,  
9 that becomes operative on or before January 1, 2014, deletes or  
10 extends the dates on which it becomes inoperative and is repealed.

11 SEC. 2. Section 2982 is added to the Civil Code, to read:

12 2982. A conditional sale contract subject to this chapter shall  
13 contain the disclosures required by Regulation Z, whether or not  
14 Regulation Z applies to the transaction. In addition, to the extent  
15 applicable, the contract shall contain the other disclosures and  
16 notices required by, and shall satisfy the requirements and  
17 limitations of, this section. The disclosures required by subdivision  
18 (a) may be itemized or subtotaled to a greater extent than as  
19 required by that subdivision and shall be made together and in the  
20 sequence set forth in that subdivision. All other disclosures and  
21 notices may appear in the contract in any location or sequence and  
22 may be combined or interspersed with other provisions of the  
23 contract.

24 (a) The contract shall contain the following disclosures, as  
25 applicable, which shall be labeled “itemization of the amount  
26 financed”:

27 (1) (A) The cash price, exclusive of document processing  
28 charges, charges to electronically register or transfer the vehicle,  
29 taxes imposed on the sale, pollution control certification fees, prior  
30 credit or lease balance on property being traded in, the amount  
31 charged for a service contract, the amount charged for a theft  
32 deterrent system, the amount charged for a surface protection  
33 product, the amount charged for an optional debt cancellation  
34 agreement, and the amount charged for a contract cancellation  
35 option agreement.

36 (B) The charge to be retained by the seller for document  
37 processing authorized pursuant to Section 4456.5 of the Vehicle  
38 Code.

39 (C) The fee charged by the seller for certifying that the motor  
40 vehicle complies with applicable pollution control requirements.

1 (D) A charge for a theft deterrent device.

2 (E) A charge for a surface protection product.

3 (F) The total amount charged by the seller for an electric vehicle  
4 charging station, which may include only the charges for the  
5 electric vehicle charging station device, any materials and wiring,  
6 and any installation services. The total amount shall be labeled  
7 “EV Charging Station.”

8 (G) Taxes imposed on the sale.

9 (H) The charge to electronically register or transfer the vehicle  
10 authorized pursuant to Section 4456.5 of the Vehicle Code.

11 (I) The amount charged for a service contract.

12 (J) The prior credit or lease balance remaining on property being  
13 traded in, as required by paragraph (6). The disclosure required  
14 by this subparagraph shall be labeled “prior credit or lease balance  
15 (see downpayment and trade-in calculation).”

16 (K) Any charge for an optional debt cancellation agreement.

17 (L) Any charge for a used vehicle contract cancellation option  
18 agreement.

19 (M) The total cash price, which is the sum of subparagraphs  
20 (A) to (L), inclusive.

21 (N) The disclosures described in subparagraphs (D), (E), and  
22 (L) are not required on contracts involving the sale of a motorcycle,  
23 as defined in Section 400 of the Vehicle Code, or on contracts  
24 involving the sale of an off-highway motor vehicle that is subject  
25 to identification under Section 38010 of the Vehicle Code, and the  
26 amounts of those charges, if any, are not required to be reflected  
27 in the total price under subparagraph (M).

28 (2) Amounts paid to public officials for the following:

29 (A) Vehicle license fees.

30 (B) Registration, transfer, and titling fees.

31 (C) California tire fees imposed pursuant to Section 42885 of  
32 the Public Resources Code.

33 (3) The aggregate amount of premiums agreed, upon execution  
34 of the contract, to be paid for policies of insurance included in the  
35 contract, excluding the amount of any insurance premium included  
36 in the finance charge.

37 (4) The amount of the state fee for issuance of a certificate of  
38 compliance, noncompliance, exemption, or waiver pursuant to any  
39 applicable pollution control statute.

1 (5) A subtotal representing the sum of the amounts described  
2 in paragraphs (1) to (4), inclusive.

3 (6) The amount of the buyer's downpayment itemized to show  
4 the following:

5 (A) The agreed value of the property being traded in.

6 (B) The prior credit or lease balance, if any, owing on the  
7 property being traded in.

8 (C) The net agreed value of the property being traded in, which  
9 is the difference between the amounts disclosed in subparagraphs  
10 (A) and (B). If the prior credit or lease balance of the property  
11 being traded in exceeds the agreed value of the property, a negative  
12 number shall be stated.

13 (D) The amount of any portion of the downpayment to be  
14 deferred until not later than the due date of the second regularly  
15 scheduled installment under the contract and that is not subject to  
16 a finance charge.

17 (E) The amount of any manufacturer's rebate applied or to be  
18 applied to the downpayment.

19 (F) The remaining amount paid or to be paid by the buyer as a  
20 downpayment.

21 (G) The total downpayment. If the sum of subparagraphs (C)  
22 to (F), inclusive, is zero or more, that sum shall be stated as the  
23 total downpayment, and no amount shall be stated as the prior  
24 credit or lease balance under subparagraph (I) of paragraph (1). If  
25 the sum of subparagraphs (C) to (F), inclusive, is less than zero,  
26 then that sum, expressed as a positive number, shall be stated as  
27 the prior credit or lease balance under subparagraph (I) of  
28 paragraph (1), and zero shall be stated as the total downpayment.  
29 The disclosure required by this subparagraph shall be labeled "total  
30 downpayment" and shall contain a descriptor indicating that if the  
31 total downpayment is a negative number, a zero shall be disclosed  
32 as the total downpayment and a reference made that the remainder  
33 shall be included in the disclosure required pursuant to  
34 subparagraph (I) of paragraph (1).

35 (7) The amount of any administrative finance charge, labeled  
36 "prepaid finance charge."

37 (8) The difference between the amount described in paragraph  
38 (5) and the sum of the amounts described in paragraphs (6) and  
39 (7), labeled "amount financed."

1 (b) No particular terminology is required to disclose the items  
2 set forth in subdivision (a) except as expressly provided in that  
3 subdivision.

4 (c) If payment of all or a portion of the downpayment is to be  
5 deferred, the deferred payment shall be reflected in the payment  
6 schedule disclosed pursuant to Regulation Z.

7 (d) If the downpayment includes property being traded in, the  
8 contract shall contain a brief description of that property.

9 (e) The contract shall contain the names and addresses of all  
10 persons to whom the notice required pursuant to Section 2983.2  
11 and permitted pursuant to Sections 2983.5 and 2984 is to be sent.

12 (f) (1) If the contract includes a finance charge determined on  
13 the precomputed basis, the contract shall identify the method of  
14 computing the unearned portion of the finance charge in the event  
15 of prepayment in full of the buyer's obligation and contain a  
16 statement of the amount or method of computation of any charge  
17 that may be deducted from the amount of any unearned finance  
18 charge in computing the amount that will be credited to the  
19 obligation or refunded to the buyer. The method of computing the  
20 unearned portion of the finance charge shall be sufficiently  
21 identified with a reference to the actuarial method if the  
22 computation will be under that method. The method of computing  
23 the unearned portion of the finance charge shall be sufficiently  
24 identified with a reference to the Rule of 78's, the sum of the digits,  
25 or the sum of the periodic time balances method in all other cases,  
26 and those references shall be deemed to be equivalent for disclosure  
27 purposes.

28 (2) If the contract includes a finance charge that is determined  
29 on the simple-interest basis but provides for a minimum finance  
30 charge in the event of prepayment in full, the contract shall contain  
31 a statement of that fact and the amount of the minimum finance  
32 charge or its method of calculation.

33 (g) (1) If the contract includes a finance charge that is  
34 determined on the precomputed basis and provides that the  
35 unearned portion of the finance charge to be refunded upon full  
36 prepayment of the contract is to be determined by a method other  
37 than actuarial, the contract shall contain a notice, in at least  
38 10-point boldface type if the contract is printed, reading as follows:  
39 "Notice to buyer: (1) Do not sign this agreement before you read  
40 it or if it contains any blank spaces to be filled in. (2) You are

1 entitled to a completely filled-in copy of this agreement. (3) You  
2 can prepay the full amount due under this agreement at any time  
3 and obtain a partial refund of the finance charge if it is \$1 or more.  
4 Because of the way the amount of this refund will be figured, the  
5 time when you prepay could increase the ultimate cost of credit  
6 under this agreement. (4) If you default in the performance of your  
7 obligations under this agreement, the vehicle may be repossessed  
8 and you may be subject to suit and liability for the unpaid  
9 indebtedness evidenced by this agreement.”

10 (2) If the contract includes a finance charge that is determined  
11 on the precomputed basis and provides for the actuarial method  
12 for computing the unearned portion of the finance charge upon  
13 prepayment in full, the contract shall contain a notice, in at least  
14 10-point boldface type if the contract is printed, reading as follows:  
15 “Notice to buyer: (1) Do not sign this agreement before you read  
16 it or if it contains any blank spaces to be filled in. (2) You are  
17 entitled to a completely filled-in copy of this agreement. (3) You  
18 can prepay the full amount due under this agreement at any time  
19 and obtain a partial refund of the finance charge if it is \$1 or more.  
20 (4) If you default in the performance of your obligations under  
21 this agreement, the vehicle may be repossessed and you may be  
22 subject to suit and liability for the unpaid indebtedness evidenced  
23 by this agreement.”

24 (3) If the contract includes a finance charge that is determined  
25 on the simple-interest basis, the contract shall contain a notice, in  
26 at least 10-point boldface type if the contract is printed, reading  
27 as follows: “Notice to buyer: (1) Do not sign this agreement before  
28 you read it or if it contains any blank spaces to be filled in. (2)  
29 You are entitled to a completely filled-in copy of this agreement.  
30 (3) You can prepay the full amount due under this agreement at  
31 any time. (4) If you default in the performance of your obligations  
32 under this agreement, the vehicle may be repossessed and you may  
33 be subject to suit and liability for the unpaid indebtedness  
34 evidenced by this agreement.”

35 (h) The contract shall contain a notice in at least 8-point boldface  
36 type, acknowledged by the buyer, that reads as follows:

37 “If you have a complaint concerning this sale, you should try to  
38 resolve it with the seller.

39 Complaints concerning unfair or deceptive practices or methods  
40 by the seller may be referred to the city attorney, the district



1 attorney, or an investigator for the Department of Motor Vehicles,  
2 or any combination thereof.

3 After this contract is signed, the seller may not change the  
4 financing or payment terms unless you agree in writing to the  
5 change. You do not have to agree to any change, and it is an unfair  
6 or deceptive practice for the seller to make a unilateral change.

7  
8  
9  
10 Buyer's Signature"

11  
12 (i) (1) The contract shall contain an itemization of any insurance  
13 included as part of the amount financed disclosed pursuant to  
14 paragraph (3) of subdivision (a) and of any insurance included as  
15 part of the finance charge. The itemization shall identify the type  
16 of insurance coverage and the premium charged therefor, and, if  
17 the insurance expires before the date of the last scheduled  
18 installment included in the repayment schedule, the term of the  
19 insurance shall be stated.

20 (2) If any charge for insurance, other than for credit life or  
21 disability, is included in the contract balance and disbursement of  
22 any part thereof is to be made more than one year after the date of  
23 the conditional sale contract, any finance charge on the amount to  
24 be disbursed after one year shall be computed from the month the  
25 disbursement is to be made to the due date of the last installment  
26 under the conditional sale contract.

27 (j) (1) Except for contracts in which the finance charge or a  
28 portion of the finance charge is determined by the simple-interest  
29 basis and the amount financed disclosed pursuant to paragraph (8)  
30 of subdivision (a) is more than two thousand five hundred dollars  
31 (\$2,500), the dollar amount of the disclosed finance charge may  
32 not exceed the greater of:

33 (A) (i) One and one-half percent on so much of the unpaid  
34 balance as does not exceed two hundred twenty-five dollars (\$225),  
35 1 ½ percent on so much of the unpaid balance in excess of two  
36 hundred twenty-five dollars (\$225) as does not exceed nine hundred  
37 dollars (\$900) and five-sixths of 1 percent on so much of the unpaid  
38 balance in excess of nine hundred dollars (\$900) as does not exceed  
39 two thousand five hundred dollars (\$2,500).

(ii) One percent of the entire unpaid balance; multiplied in either case by the number of months (computed on the basis of a full month for any fractional month period in excess of 15 days) elapsing between the date of the contract and the due date of the last installment.

(B) If the finance charge is determined by the precomputed basis, twenty-five dollars (\$25).

(C) If the finance charge or a portion thereof is determined by the simple-interest basis:

(i) Twenty-five dollars (\$25) if the unpaid balance does not exceed one thousand dollars (\$1,000).

(ii) Fifty dollars (\$50) if the unpaid balance exceeds one thousand dollars (\$1,000) but does not exceed two thousand dollars (\$2,000).

(iii) Seventy-five dollars (\$75) if the unpaid balance exceeds two thousand dollars (\$2,000).

(2) The holder of the contract shall not charge, collect, or receive a finance charge that exceeds the disclosed finance charge, except to the extent (A) caused by the holder's receipt of one or more payments under a contract that provides for determination of the finance charge or a portion thereof on the 365-day basis at a time or times other than as originally scheduled whether or not the parties enter into an agreement pursuant to Section 2982.3, (B) permitted by paragraph (2), (3), or (4) of subdivision (c) of Section 226.17 of Regulation Z, or (C) permitted by subdivisions (a) and (c) of Section 2982.8.

(3) If the finance charge or a portion thereof is determined by the simple-interest basis and the amount of the unpaid balance exceeds five thousand dollars (\$5,000), the holder of the contract may, in lieu of its right to a minimum finance charge under subparagraph (C) of paragraph (1), charge, receive, or collect on the date of the contract an administrative finance charge not to exceed seventy-five dollars (\$75), provided that the sum of the administrative finance charge and the portion of the finance charge determined by the simple-interest basis shall not exceed the maximum total finance charge permitted by subparagraph (A) of paragraph (1). Any administrative finance charge that is charged, received, or collected by a holder shall be deemed a finance charge earned on the date of the contract.

1 (4) If a contract provides for unequal or irregular payments, or  
2 payments on other than a monthly basis, the maximum finance  
3 charge shall be at the effective rate provided for in paragraph (1),  
4 having due regard for the schedule of installments.

5 (k) The contract may provide that for each installment in default  
6 for a period of not less than 10 days the buyer shall pay a  
7 delinquency charge in an amount not to exceed in the aggregate 5  
8 percent of the delinquent installment, which amount may be  
9 collected only once on any installment regardless of the period  
10 during which it remains in default. Payments timely received by  
11 the seller under an extension or deferral agreement may not be  
12 subject to a delinquency charge unless the charge is permitted by  
13 Section 2982.3. The contract may provide for reasonable collection  
14 costs and fees in the event of delinquency.

15 (l) Notwithstanding any provision of a contract to the contrary,  
16 the buyer may pay at any time before maturity the entire  
17 indebtedness evidenced by the contract without penalty. In the  
18 event of prepayment in full:

19 (1) If the finance charge was determined on the precomputed  
20 basis, the amount required to prepay the contract shall be the  
21 outstanding contract balance as of that date, provided, however,  
22 that the buyer shall be entitled to a refund credit in the amount of  
23 the unearned portion of the finance charge, except as provided in  
24 paragraphs (3) and (4). The amount of the unearned portion of the  
25 finance charge shall be at least as great a proportion of the finance  
26 charge, including any additional finance charge imposed pursuant  
27 to Section 2982.8 or other additional charge imposed because the  
28 contract has been extended, deferred, or refinanced, as the sum of  
29 the periodic monthly time balances payable more than 15 days  
30 after the date of prepayment bears to the sum of all the periodic  
31 monthly time balances under the schedule of installments in the  
32 contract or, if the contract has been extended, deferred, or  
33 refinanced, as so extended, deferred, or refinanced. If the amount  
34 of the refund credit is less than one dollar (\$1), no refund credit  
35 need be made by the holder. Any refund credit may be made in  
36 cash or credited to the outstanding obligations of the buyer under  
37 the contract.

38 (2) If the finance charge or a portion of the finance charge was  
39 determined on the simple-interest basis, the amount required to  
40 prepay the contract shall be the outstanding contract balance as of

1 that date, including any earned finance charges that are unpaid as  
2 of that date and, if applicable, the amount provided in paragraph  
3 (3), and provided further that in cases where a finance charge is  
4 determined on the 360-day basis, the payments received under the  
5 contract shall be assumed to have been received on their respective  
6 due dates regardless of the actual dates on which the payments  
7 were received.

8 (3) If the minimum finance charge provided by subparagraph  
9 (B) or subparagraph (C) of paragraph (1) of subdivision (j), if  
10 either is applicable, is greater than the earned finance charge as of  
11 the date of prepayment, the holder shall be additionally entitled to  
12 the difference.

13 (4) This subdivision shall not impair the right of the seller or  
14 the seller's assignee to receive delinquency charges on delinquent  
15 installments and reasonable costs and fees as provided in  
16 subdivision (k) or extension or deferral agreement charges as  
17 provided in Section 2982.3.

18 (5) Notwithstanding any provision of a contract to the contrary,  
19 if the indebtedness created by any contract is satisfied prior to its  
20 maturity through surrender of the motor vehicle, repossession of  
21 the motor vehicle, redemption of the motor vehicle after  
22 repossession, or any judgment, the outstanding obligation of the  
23 buyer shall be determined as provided in paragraph (1) or (2).  
24 Notwithstanding, the buyer's outstanding obligation shall be  
25 computed by the holder as of the date the holder recovers the value  
26 of the motor vehicle through disposition thereof or judgment is  
27 entered or, if the holder elects to keep the motor vehicle in  
28 satisfaction of the buyer's indebtedness, as of the date the holder  
29 takes possession of the motor vehicle.

30 (m) Notwithstanding any other provision of this chapter to the  
31 contrary, any information required to be disclosed in a conditional  
32 sale contract under this chapter may be disclosed in any manner,  
33 method, or terminology required or permitted under Regulation  
34 Z, as in effect at the time that disclosure is made, except that  
35 permitted by paragraph (2) of subdivision (c) of Section 226.18  
36 of Regulation Z, if all of the requirements and limitations set forth  
37 in subdivision (a) are satisfied. This chapter does not prohibit the  
38 disclosure in that contract of additional information required or  
39 permitted under Regulation Z, as in effect at the time that disclosure  
40 is made.

1 (n) If the seller imposes a charge for document processing or  
2 to electronically register or transfer the vehicle, the contract shall  
3 contain a disclosure that the charge is not a governmental fee.

4 (o) A seller shall not impose an application fee for a transaction  
5 governed by this chapter.

6 (p) The seller or holder may charge and collect a fee not to  
7 exceed fifteen dollars (\$15) for the return by a depository institution  
8 of a dishonored check, negotiated order of withdrawal, or share  
9 draft issued in connection with the contract if the contract so  
10 provides or if the contract contains a generalized statement that  
11 the buyer may be liable for collection costs incurred in connection  
12 with the contract.

13 (q) The contract shall disclose on its face, by printing the word  
14 “new” or “used” within a box outlined in red, that is not smaller  
15 than one-half inch high and one-half inch wide, whether the vehicle  
16 is sold as a new vehicle, as defined in Section 430 of the Vehicle  
17 Code, or as a used vehicle, as defined in Section 665 of the Vehicle  
18 Code.

19 (r) The contract shall contain a notice with a heading in at least  
20 12-point bold type and the text in at least 10-point bold type,  
21 circumscribed by a line, immediately above the contract signature  
22 line, that reads as follows:

23  
24 **THERE IS NO COOLING-OFF PERIOD UNLESS YOU**  
25 **OBTAIN A CONTRACT CANCELLATION OPTION**  
26

27 California law does not provide for a “cooling-off” or other cancellation  
28 period for vehicle sales. Therefore, you cannot later cancel this contract  
29 simply because you change your mind, decide the vehicle costs too much,  
30 or wish you had acquired a different vehicle. After you sign below, you  
31 may only cancel this contract with the agreement of the seller or for legal  
32 cause, such as fraud.

33 However, California law does require a seller to offer a two-day contract  
34 cancellation option on used vehicles with a purchase price of less than  
35 forty thousand dollars (\$40,000), subject to certain statutory conditions.  
36 This contract cancellation option requirement does not apply to the sale  
37 of a recreational vehicle, a motorcycle, or an off-highway motor vehicle  
38 subject to identification under California law. See the vehicle contract  
39 cancellation option agreement for details.  
40

1 (s) This section shall become operative on July 1, 2013.

2 SEC. 3. Section 2982.11 is added to the Civil Code, to read:

3 2982.11. (a) Prior to the execution of a conditional sale  
4 contract that includes a charge for an electric vehicle charging  
5 station, the seller shall provide the buyer with, and obtain the  
6 buyer's signature on, a written disclosure that includes a description  
7 and price of each of the following:

8 (1) The electric vehicle charging station device.

9 (2) Any materials and wiring.

10 (3) Any installation services included in the total charge.

11 (b) The disclosures required under this section shall be in at  
12 least 12-point type and shall be contained in a document that is  
13 separate from the conditional sale contract or purchase order.

14 (c) This section shall become operative July 1, 2013.

15 SEC. 4. No reimbursement is required by this act pursuant to  
16 Section 6 of Article XIII B of the California Constitution because  
17 the only costs that may be incurred by a local agency or school  
18 district will be incurred because this act creates a new crime or  
19 infraction, eliminates a crime or infraction, or changes the penalty  
20 for a crime or infraction, within the meaning of Section 17556 of  
21 the Government Code, or changes the definition of a crime within  
22 the meaning of Section 6 of Article XIII B of the California  
23 Constitution.

24 SEC. 5. *This act is an urgency statute necessary for the*  
25 *immediate preservation of the public peace, health, or safety within*  
26 *the meaning of Article IV of the Constitution and shall go into*  
27 *immediate effect. The facts constituting the necessity are:*

28 *To provide the sellers of motor vehicles notice of additional*  
29 *disclosure requirements at the earliest moment possible, it is*  
30 *necessary for this measure to take effect immediately.*